

## Omni Merchant Network Updates

Spring 2017

We are committed to working closely with you on achieving your business goals. As a part of this commitment, we carefully monitor Network changes and summarize them for your convenience. Following is the summary of information from American Express®, Discover® Network, MasterCard® Worldwide and Visa® U.S.A. regarding changes or updates to interchange rates, operating rules and regulations, and other changes that may impact your company.

Each article in your Network Updates has been tagged or categorized by 'CP' (Card Present), 'CNP' (Card not Present) 'eComm' (eCommerce), or 'Can' (Canada). This notation has been added to better identify the environment the specific article impacts. In order to take advantage of the new category tags and quickly navigate to specific articles, we recommend that you '*show bookmarks*' in your preferred PDF viewer.

Except where otherwise noted, all changes are **effective April 21, 2017**. We encourage you to contact your Relationship Manager with any questions you may have regarding this information.

### EMV

#### EMV Automated Fuel Dispenser (AFD) Liability Shift Update

CP

**The Program:** Back in 2011 and 2012, the Brands (Visa, MasterCard, American Express and Discover) announced an October 2017 EMV liability shift for U.S. acquired AFD transactions under Merchant Category Code 5542 – Automated Fuel Dispensers.

**The Change:** As a result of the complexities and challenges of implementing EMV at AFDs, a delay in the U.S. Automated Fuel Dispenser (AFD) EMV Liability Shift was announced (in early December) by Visa, MasterCard, American Express and Discover.

**The Impact:** The new EMV Automated Fuel Dispenser Liability Shift date for Visa, MasterCard, American Express and Discover is **October 2020**.

At this time Vantiv is aware of the following PIN Debit networks that have also announced an October 2020 EMV AFD liability shift date:

- Accel
- AFFN
- Interlink
- Jeanie
- Maestro
- MoneyPass
- NYCE
- PULSE
- Shazam
- STAR

**Notes:** Visa's EMV ATM liability shift for counterfeit fraud remains the same and **is effective October 2017**. Both Visa and MasterCard's liability shift for international transactions acquired at U.S. AFDs **will remain the same and is effective October 2017**.

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## Expiring Certificate Authority Public (CAP) Keys Reminder

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CP

**The Program:** The EMV standard uses Public Key technology to perform certain functions related to offline authentication, some aspects of online transactions and offline PIN encryption. Each of the card brands publish sets of these keys for use with their EMV applications.

Public keys are distributed to acquirers, merchants and solution providers to load into their terminals. Each of the brands' key sets is comprised of keys of varying lengths. On an annual basis, EMVCo reviews the keys and makes recommendations on the expected life span (on a rolling 10-year projection window) of the different key lengths. Once EMVCo determines a key length is beginning to approach the point where it may become vulnerable to attacks, they will set that key's expiration date. While the individual brands are free to set their own expiration dates, they traditionally follow EMVCo's advice.

**The Change:** The following are the active CAP key lengths and their expiration or projected lifespan dates:

- **1152-bit keys have expiry date of 12/31/2017**
- 1408-bit keys have expiry date of 12/31/2024
- 1984-bit keys have anticipated lifetime to 12/31/2025

**The Impact:** Once a key expires, it must be removed from the terminal within **six months**.

The 1152-bit key set will expire on December 31<sup>st</sup>, 2017, therefore it will need to be **removed by June 30, 2018**. Merchants and their solutions providers are advised to begin planning for the removal of these keys.

Merchants are also reminded that because expiration dates can change they **should not be stored on terminals**.

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## MasterCard Reminder of M/Chip Requirements for Contactless Terminals

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CP

**The Change:** **Effective January 1, 2019**, MasterCard will require all contactless terminals to support the Consumer Device Cardholder Verification Method (CDCVM) for transactions greater than the cardholder verification method (CVM) limit. In addition, terminals that operate as contactless CAT (Cardholder Activated Terminal) Level 1 must also support CDCVM. *(Note that effective January 1st 2016, new contactless terminals submitted for M-TIP testing must support CDCVM for transactions greater than the CVM limit.)*

**The Impact:** Merchant contactless terminals must be able to support the Consumer Device Cardholder Verification Method (CDCVM) for transactions greater than the CVM limit. A **CDCVM is a Consumer Device Cardholder Verification Method** – A cardholder device that supports both a key pad or other customer input option and customer display, such as a mobile phone, that support CDCVM such as PIN, pattern, biometric solution, or another form of verification.

The customer completes verification with the device before performing a contactless transaction. Where verification is required but has not been completed, the transaction will be declined and the customer is invited to try again once CDCVM has been performed. Examples are the 'Pay' touch fingerprint IDs, which is used as the passcode to unlock the phone or payment application. Note that EMV mode terminals that support CDCVM must also support CDA.

## MasterCard®

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### MasterCard New 2-Series MasterCard BIN Range Reminder

CP/CNP/eComm

**The Program:** As previously communicated in several past newsletters, MasterCard is adding new primary account **BIN ranges 222100-272099** to be processed in the same manner as existing range 510000-559999. Merchants are encouraged to visit [www.mastercard.us/2-series](http://www.mastercard.us/2-series) for additional information.

**The Change:** The payments ecosystem must be ready to support the 2-Series MasterCard BINs by October 14, 2016. All Vantiv platforms will support the MasterCard 2-Series BIN range.

**The Impact:** Merchants must be able to accept the new MasterCard BIN range in both card-present and card-not present payment acceptance channels. Vantiv's host is available for MasterCard Series 2 testing. Merchants may contact their Relationship Manager for test plastics and/or test card numbers if preferred for use in initial testing.

**The Timing:** OCTOBER 14, 2016 – Payments ecosystem to be ready to support the new 2-Series BIN.

**JANUARY 2017** – Issuers will be assigned the new 2-Series BINs, merchants should be prepared to accept the new BIN as cards begin to appear in the market shortly thereafter.

**JUNE 2017** – Merchants identified as not being able to support the new 2-Series BIN may be subject to non-compliance fines.

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### MasterCard Offers Cards to Test 2-Series BIN Range Readiness

CP/CNP/eComm

In an effort to assist merchants in their MasterCard 2-Series BIN readiness, MasterCard has made the decision to offer merchants the ability to purchase/load prepaid test cards that can be used in production for testing in their locations.

- Testing with these production cards is completely optional
- Production test cards must be ordered directly through MasterCard (Vantiv will not have an inventory of these cards)
- Merchants interested in purchasing these cards may contact their Relationship Manager for additional information or may email MasterCard directly at: [2Series\\_Test\\_Cards@mastercard.com](mailto:2Series_Test_Cards@mastercard.com)

#### MasterCard branded non-reloadable prepaid cards

- EMV compliant - dual interface (contact and contactless) with magnetic stripe
- Load Limits – Min Value USD 5, Max Value USD 500 per card. Customers will be responsible for the funds that are loaded
- Ordering Limits – Min quantity 5, Max quantity 100 per order. Customers permitted to order up to 100 cards
- The BIN associated with the production test cards will be 222635
- For e-commerce transactions: Use 63368 as a valid zip code, CVV will be on the back of cards
- Cards cannot be reloaded once the funds are depleted
- Handling Fee - USD \$9.99 per order, this does not include a shipping fee. Shipping fees will be paid by MasterCard
- 2% Load Fee – transaction fees for the card will be deducted from the card balance

## MasterCard Revises Standards for Processing Authorizations and Preauthorization's Reminder

CP/CNP/eComm

**The Program:** As previously communicated in past merchant network updates, MasterCard is introducing a number of authorization processing changes that include: new methods to identify the type of authorization, changes to authorization reversal timeframes, discontinuance of the 15/20 percent transaction amount tolerance for T&E and gratuities, changes to chargeback timeframes and the extension of incremental authorizations for all merchant types.

**The Change:** These revisions will help Issuers effectively manage cardholders' open to buy and chargeback protection maximum timeframe limits, based on authorization types. **Please refer to the chart below to review updated effective dates from MasterCard.**

MasterCard Authorization Changes		
Description	Current	October 2016 (Unless Otherwise Noted)
<p><b>Full or Partial Authorization Reversals</b></p> <p>Used to cancel a previously authorized transaction (full reversal) or when the transaction amount is less than the amount approved (partial reversal)</p> <p>Does not apply to:</p> <ul style="list-style-type: none"> <li>• MCC 5542 AFD</li> <li>• Contactless</li> <li>• Transit aggregated or debt recovery transactions</li> <li>• Preauth or auth with an expired chargeback protection period</li> </ul>	<ul style="list-style-type: none"> <li>• <b>24 hours-</b> Card present (non-T&amp;E)</li> <li>• <b>72 hours-</b> Card-not-present (non-T&amp;E)</li> <li>• <b>20 days-</b> T&amp;E</li> </ul>	<ul style="list-style-type: none"> <li>• <b>24 hours-</b> Card present and card-not-present:               <ul style="list-style-type: none"> <li>○ Submit a full auth reversal within 24 hours of known cancelation date of the sale</li> <li>○ Submit a partial auth reversal within 24 hours of transaction date when sale amount is less than the authorized amount</li> </ul> </li> </ul>
<p><b>15% Transaction Amount Tolerances</b></p>	<p>Authorization to settlement amount <b>15%</b></p> <ul style="list-style-type: none"> <li>• Hotel/Motel</li> <li>• Vehicle Rental</li> <li>• Cruise Lines</li> <li>• Related Repair</li> </ul> <p>If the final transaction amount doesn't exceed the approved amount by the associated %, the merchant is not required to obtain an additional authorization.</p>	<p>Authorization to settlement amount must match. Incremental authorizations or authorization reversals must be submitted to match the authorization amount to the settlement amount.</p>

<p><b>20% Transaction Amount Tolerances</b></p>	<p>Authorization to clearing amount <b>20%</b> for gratuities</p> <ul style="list-style-type: none"> <li>• Contact Chip (Signature, PIN, no CVM)</li> <li>• Magnetic Stripe (Signature, PIN, No CVM)</li> <li>• Contactless</li> <li>• Card-not-present</li> </ul>	<p>Authorization to clearing amount <b>20% Permitted for Gratuities</b></p> <p>U.S. Region:</p> <ul style="list-style-type: none"> <li>• Contact Chip (Signature, no CVM)</li> <li>• Magnetic Stripe (Signature, PIN, No CVM)</li> <li>• Card-present key-entered</li> </ul> <p>Non-U.S. Region:</p> <ul style="list-style-type: none"> <li>• Contact Chip (Signature)</li> <li>• Magnetic Stripe (Signature or No CVM)</li> </ul> <p><b>Gratuity must be added directly in the authorization amount when:</b></p> <ul style="list-style-type: none"> <li>• Card-not present</li> <li>• Contactless</li> <li>• Contact Chip and PIN</li> <li>• Contact Chip or Magnetic Stripe (non U.S. Regions only)</li> </ul> <p><b>All gratuity transactions must identified as preauthorizations</b></p>
<p><b>Incremental (Multiple) Authorizations</b></p> <p><i>(OPTIONAL SUPPORT)</i></p>	<ul style="list-style-type: none"> <li>• 3351-3441 (Car Rental Agencies)</li> <li>• 4411 (Cruise Lines)</li> <li>• 3501-3999 (Hotels/Motels/Resorts)</li> <li>• 7011 (Hotels/Motels/Resorts- not elsewhere classified)</li> <li>• 7512 (Automobile Rental Agency- not elsewhere classified)</li> </ul>	<p>Available to all merchant types</p> <p>An incremental authorization may be submitted at a later time to extend the chargeback protection period for the same transaction. The 30 day chargeback protection timeframe is calculated from the date of the last approved authorization.</p> <p>Excluded:</p> <ul style="list-style-type: none"> <li>• MasterCard Contactless transit aggregated or debt recovery transaction</li> <li>• Installment billing payment transactions identified as preauthorization</li> </ul>
<p><b>Chargeback Protection Timeframes</b></p> <p><b>Reason Code 4808 (Authorization-Related Chargeback)</b></p>	<p>Currently, the duration of the chargeback timeframe is not calculated from the authorization date to the transaction date.</p> <p>Transaction must be cleared within 120 days of the authorization date.</p>	<p><b>EFFECTIVE APRIL 2017</b></p> <p>Authorization date to clearing date:</p> <p><b>30 days</b>- Pre-authorizations</p> <p><b>7 days</b>- All other MasterCard Authorizations</p>
<p><b>Authorization to Clearing Timeframe</b></p>	<p>Authorization to Transaction Date timeframe currently not in existence.</p> <p>Only transaction date to settlement date specified:</p> <ul style="list-style-type: none"> <li>• Within 7 calendar days of purchase date.</li> </ul>	<p>Transaction must be cleared within:</p> <p>Dual Message</p> <ul style="list-style-type: none"> <li>• <b>Final:</b> 7 calendar days from auth date</li> <li>• <b>Preauthorization:</b> 30 calendar days from auth date</li> <li>• <b>Incremental:</b> 30 calendar days from the last auth date</li> </ul>

**The Impact:** As a result, MasterCard is also implementing Data Integrity edits and a Processing Integrity Program to ensure the authorization changes are being adhered to.

Please refer to the chart below to review MasterCard’s data integrity edits criteria and monitoring program effective dates.

Processing Integrity Fee Program
<b>Authorization Not Reversed or Cleared</b>
Preauthorization, Final, and Undefined (not a go forward authorization type)
<b>APRIL 2017:</b> Effective date for non-compliance fee edits
<b><u>Criteria - A new fee will be assessed for each approved authorization that is:</u></b>
<b>Not reversed or cleared based on the following timeframes:</b>
<ul style="list-style-type: none"> <li>• 30 calendar days of authorization date - preauthorizations</li> <li>• 7 calendar days of the authorization date – final and undefined</li> </ul>
<b>Note: This will replace the current Processing Integrity Fees for Late Reversals and No Clearing within 120 days of authorization.</b>

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**(UPDATE) MasterCard Eliminates CVC2 at Chip POS or MPOS Terminals for Chip Transactions**

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CP

**The Change:** MasterCard previously communicated the discontinuance of the CVC2 validation program in lieu of a card imprint for chargeback purposes for U.S. domestic transactions, effective April 21, 2017. **MasterCard has announced a delay in the effective date until April 21, 2018.**

**The Impact: Effective April 21, 2018** merchants may not prompt or otherwise require a cardholder to enter CVC2 information when a chip card or contactless payment device is used to complete a chip transaction. This includes any contactless transaction at a POS terminal or MPOS terminal.

The CVC2 validation program in lieu of a card imprint for chargeback purposes for U.S. domestic transactions (merchants and issuers are both within the U.S. region) **will remain in effect until April 21, 2018**

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**(UPDATED) MasterCard Revised Standards for Key-Entered Transaction Requirements at Point-of-Sale Terminals** CP

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**The Program:** For merchants that are EMV chip-enabled, MasterCard’s current fallback authorization process from the EMV chip includes sequentially: offline chip, magnetic stripe, and finally the manual entry of the primary account number (PAN) and expiry date.

**The Change:** MasterCard is revising its standards relating to card acceptance during secondary fallback when a card’s magnetic stripe cannot be read and is also updating presentment rights relating to transactions processed in a face-to-face environment when card data is not passed in the authorization request message.

**The Impact:** MasterCard will no longer require merchants in a face-to-face environment to support manual entry of the PAN and expiry date when the card’s magnetic stripe cannot be read. Manual key-entry support, by either EMV chip accepting merchants or merchants that do not have EMV chip-enabled terminal products, will be *optional and at the merchant’s discretion*.

- The use of the CVC2 value will no longer be accepted as an imprint and chargeback protection on those transactions will be eliminated.
- Chargeback for Reason code 4837 (No Cardholder Authorization) will no longer be remedied by providing a manual imprint with the cardholder’s signature.
- Merchants that do not have EMV chip-enabled terminal products also have the option to manually key-enter transactions.
- EMV chip accepting merchants must wait until the effective date to implement this change.

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**MasterCard Modifies Commercial Interchange Fee Program Rates** CP/CNP/eCommerce

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**The Change:** MasterCard is modifying the existing interchange fee program rates for the following commercial card interchange programs.

**The Impact:** Merchants may realize an increase in their interchange expenses associated with the following commercial interchange programs as a result of MasterCard’s changes to the existing fee programs below.

Interchange Fee Program
Commercial Data Rate I Large Market
Commercial Data Rate II Petroleum Large Market
Commercial Data Rate III Large Market
Commercial T&E I Large Market
Commercial T&E II Large Market
Commercial T&E III Large Market
Commercial Large Ticket Large Market Lodging*

\*Change is only for lodging/hotel MCCs – 3501-3999, 7011

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**MasterCard Updates Regulated Debit Interchange Fee Program Rates** CP/CNP/eCommerce

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**The Change:** MasterCard is modifying the existing interchange fee program rates for refund transactions on regulated consumer and commercial debit and prepaid programs. This change includes US domestic as well as interregional, Guam domestic, Puerto Rico domestic and U.S. Virgin Islands domestic transactions.

**The Impact:** Merchants may recognize a variation in interchange fees when refunds are issued on these regulated consumer and commercial debit and prepaid cards.

Interchange Fee Program
Regulated Debit Credit Voucher
Regulated Debit w/Fraud Adjustment Credit Voucher
Regulated Debit Small Ticket Credit Voucher
Regulated Debit Small Ticket w/Fraud Adjustment Credit Voucher

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**MasterCard Introduces Payment Transaction Interchange for Lottery Gaming** CP/CNP

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**The Change:** MasterCard is introducing a new interchange program for state-owned lottery Gaming Payment Transactions. Payment Gaming Transactions allow winnings to be transferred to MasterCard consumer credit and debit cards, including regulated debit.

**The Impact:** Transactions will be eligible for the new interchange programs below when the minimum transactions requirements are met:

- The Gaming Payment Transaction must be properly identified in the authorization and clearing messages using an MCC of 7800 (Government-owned lottery, U.S. region only) and appropriate Payment Transaction and Program types
- The Gaming Payment Transaction must not exceed USD 10,000 USD
- Appropriate Program Registration ID and identification as a Payment Transaction

Interchange Program
Payment Transaction – Government Owned Lottery Consumer Credit
Payment Transaction – Government Owned Lottery Consumer Debit *
Payment Transaction – Government Owned Lottery Consumer Prepaid*

\* Regulated debit and prepaid are also included in this program



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## MasterCard Introduces New Consumer Prepaid Product in Canada Region

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CP/CNP/eComm

**The Change:** MasterCard is introducing a new consumer prepaid card product in the Canada region.

**The Impact:** MasterCard's new Consumer Prepaid MasterCard Flex card in the Canada region will be available to issuers in Canada, however, *it can be accepted globally and will be eligible for the following existing interregional interchange programs.*

Interchange Fee Programs
Interregional Consumer Payment Transaction
Interregional Consumer Merchant UCAF
Interregional Consumer Electronic
Interregional Consumer Standard
Interregional Consumer Full UCAF

MasterCard is also introducing 2 new Canada domestic interchange programs to support the new card:

Interchange Fee Programs
Flex Prepaid Standard
Flex Prepaid Electronic

In addition, the new MasterCard Flex card will be eligible for the existing Canada domestic interchange programs:

Interchange Fee Programs
Consumer Charity Core

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## MasterCard Revises Contactless Interchange Rates in Canada Region

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CAN

**The Change:** MasterCard is modifying the existing interchange fee program rates that apply to Canada domestic contactless consumer and commercial debit card transactions.

**The Impact:** Effective May 1, 2017, merchants may realize a reduction in interchange expenses as a result of these changes.

Interchange Fee Programs
Debit Contactless Tier 2
Debit Contactless Tier 3

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**(UPDATE) MasterCard Introduces New Annual Merchant Location Fee** CP/CNP/eComm

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**The Change:** As previously communicated in the fall newsletter, MasterCard is establishing a new per merchant location fee. The fee will be based on the merchant's fourth quarter total number of merchant locations with at least one MasterCard transaction. Location counts will be determined based on physical locations and/or website (for eComm).

**The Impact:** Please refer to the information below to identify billing amounts and frequency by merchant type.

**2017 Monthly Merchant Location Fee**

Effective for 2017, the MasterCard merchant location fee is assessed monthly instead of annually. The monthly merchant location fee of \$1.25 per merchant location and was assessed in early February 2017 and will continue each month thereafter.

**2017 Monthly Payment Facilitator Merchant Location Fee**

Effective for 2017, the MasterCard payment facilitator merchant location fee will change to be assessed monthly instead of annually. The MasterCard payment facilitator merchant location rate will be billed at \$0.25 for Jan, Feb and Mar 2017. The MasterCard payment facilitator merchant location fee will increase to \$1.25 per payment facilitator merchant location effective with the April 2017 billing and each month thereafter, aligning with the Merchant location fee rate.

**(UPDATED) 2017 eComm (Lowell) Monthly Merchant and Payment Facilitator Location Fee**

Effective for 2017, the MasterCard merchant location fee rate will be \$1.25 per merchant location per month. The MasterCard payment facilitator merchant location rate will be billed at \$0.25 for Jan, Feb and Mar 2017. The MasterCard payment facilitator merchant location fee will increase to \$1.25 per payment facilitator merchant location effective in April. The first billing, for January through June 2017, will occur in July 2017. Beginning with the July billing in early August 2017, the merchant and payment facilitator merchant location fee will be billed monthly.

**Exclusions:**

- Merchant locations properly identified with MCC 8398 (Charitable Organizations) or MCC 8661 (Religious Organizations)
- Merchant locations/websites processing less than \$200 in MasterCard sales for a given month

## MasterCard Announces the Addition of Contactless Transactions to Existing Chargeback Liability Shift for Chip Transactions

CP

**The Program:** As previously communicated, MasterCard’s Global Chip Liability Shift Program for Contact Transactions shifts the liability for Lost, Stolen, and Never-Received-Issue (NRI) fraud on PIN-Preferring Contact EMV cards to the Merchant.

**The Change:** MasterCard has announced the **addition of contactless transactions to the existing chargeback liability shift (lost and stolen) for chip transactions.**

**The Impact:** Merchants will become liable for Fraud resulting from PIN-Preferring Contactless EMV transactions that exceed the Cardholder Verification Method (CVM) limit (the no-CVM limit is \$50.00 and below) and were performed without a secure contactless CVM (either Online PIN or CDCVM).

A CDCVM is a device CVM – examples are the ‘Pay’ touch fingerprint, which is used as the passcode to unlock the phone or payment application.

**Notes:**

- This change applies to PIN-Preferring cards only.
- This change does not apply to low value tap-and-go transactions that do not require a CVM due to the low transaction amount and does not apply to counterfeit.
- If a PIN-preferring contactless chip card is presented at a merchant’s location, but the merchant’s terminal is UNABLE to support online PIN, and the transaction proceeds with signature as the CVM, the merchant is liable.
- If a PIN-preferring contactless chip card is presented at a merchant’s location, the merchant’s terminal CAN support online PIN, however the cardholder refuses to enter PIN and the transaction proceeds with signature as the CVM, this is the same as PIN Bypass and consistent with how contact chip transactions are handled today.

**As a Reminder**

If Issuer Has...	And Merchant Has...	Party with Liability	For this type of fraud
Chip Device w/PIN	Chip Terminal w/PIN Pad	Issuer	Lost or Stolen
Chip Device w/PIN	Chip Terminal with NO PIN capabilities	Merchant	Lost or Stolen
Chip Device w/PIN	Non-Chip Terminal	Merchant	Lost or Stolen
Chip Device w/SIG	Chip Terminal w/PIN Pad	Issuer	Lost or Stolen
Chip Device w/SIG	Chip Terminal w/NO PIN pad	Issuer	Lost or Stolen
Chip Device w/SIG	Non-Chip Terminal	Issuer	Lost or Stolen

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## Visa Discontinues Key-Entered Transaction Requirements at the Point-of-Sale for EMV Chip Accepting Merchants

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CP

**The Change:** As communicated in previous network update communications, Visa will no longer require **EMV chip accepting merchants'** terminal products to support manual key-entry of transactions. Manual key-entry support by EMV chip accepting merchants *will be optional* and at the merchant's discretion.

**The Impact:** Merchants will not be required to key-enter payment products that cannot be read (magnetic stripe, contactless, contact) by the terminal device at the point-of-sale. EMV-enabled merchants supporting both EMV chip (contact and/or contactless) and magnetic stripe reading will not be required to support manual key-entry of card numbers.

- Merchants that do not have EMV chip-enabled terminal products must continue to support key-entered transactions. Merchants must take a manual imprint of the card when the card number is key-entered.
- EMV chip accepting merchants must wait until the effective date to implement this change.

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## Visa Modifies Timing for Prohibiting Card Verification Value 2 (CVV2) in Authorization of Card-Present Key-Entered Transactions

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CP

**The Program:** Visa previously announced that merchants would no longer be permitted to request a cardholder to provide their Card Verification Value 2 (CVV2) for a card-present key-entered transaction effective April 22, 2017.

**The Change:** On December 8, 2016, Visa announced an extension to their previous announcement prohibiting a merchant from collecting the CVV2 data from the cardholder and entering CVV2 data in the authorization request for a card-present key-entered transaction as of April 22, 2017.

**The Impact:** Merchants are permitted to collect and include the Card Verification Value 2 (CVV2) information in the authorization request for U.S. domestic **card-present, key entered transactions until April 14, 2018.**

*\* The original date of April 22, 2017 will still apply to the AP, Canada, CEMEA, Europe and LAC regions*

### Effective April 14, 2018

- Merchants cannot collect the CVV2 value from the cardholder for card-present key-entered transactions
- Merchants cannot submit the CVV2 value in card-present key-entered authorization requests
- CVV2 in lieu of imprint will no longer be supported for chargeback reason code 81. Merchants will be required to obtain a manual imprint of the card when the transaction is key-entered
- Visa will prohibit the use of CVV2 for all electronically read card-present transactions unless the merchant complies with all of the criteria below:
  - U.S. merchant has an EMV chip enabled POS device
  - U.S merchant has an agreement with the issuer
  - The transaction payment product was electronically read (magnetic stripe, contactless or contact)

## Visa Expands Merchant Types that may Perform Initial, Estimated, and Incremental Authorizations and Modifies Operating and Chargeback Rules

CP/CNP/eComm

**The Program:** Currently, Visa rules only allow hotel, car rental, and cruise line merchants to obtain estimated authorizations at the time of check-in or car rental and incremental authorization when necessary.

**The Change:** Visa will expand merchant types that may perform initial, estimated and incremental authorization requests before the final amount is known. In addition, Visa is modifying their operating and chargeback rules to support these additional merchant verticals that perform initial, estimated amounts and/or incremental authorizations.

### The Impact:

- Merchants that perform authorizations that are not considered final **must disclose to the cardholder that further authorizations may occur or when an amount is an estimated amount.**
- Eligible merchants that participate in initial, estimated amounts or incremental authorizations must identify authorizations with the proper indicator.
- Incremental authorization requests may only be submitted when an estimated or initial authorization was performed.
- Incremental authorizations must also contain the same transaction identifier used in the estimated or initial authorization request.
- **Merchants must reverse an unused or partially used authorization approval. Merchants are permitted to reverse multiple authorizations with a single authorization reversal.**

Merchants eligible to perform initial, estimated and incremental auths are defined below:

MCC	Merchant Type	Eligible Authorization Request Type	Approval Response Expiration Timeframe
4457 7033 7394 7519 7999	Rentals (Excludes Vehicle Rentals) Boat rentals Trailer parks and campgrounds Equipment/tool rental Motor home and recreational vehicle rentals Recreation services not elsewhere classified	<ul style="list-style-type: none"> <li>• Estimated</li> <li>• Incremental</li> </ul>	7 days after estimated authorization or incremental approval response date  <i>Incremental authorization does not extend this timeframe</i>
7996	Amusement Parks, Circuses, Carnivals, Fortune Tellers	<ul style="list-style-type: none"> <li>• Estimated</li> <li>• Incremental</li> </ul>	Same day the estimated or incremental authorization is performed  <i>Incremental authorization does not extend this timeframe</i>
5812 5813	Restaurants and Bars	<ul style="list-style-type: none"> <li>• Initial</li> <li>• Incremental</li> </ul> <p>Authorizations cannot be for an estimated amount, it must be the actual amount of goods ordered</p>	Same day the estimated or incremental authorization is performed  <i>Incremental authorization does not extend this timeframe</i>

**Visa Expands Merchant Types that may Perform Initial, Estimated, and Incremental Authorizations and Modifies Operating and Chargeback Rules (cont.)** CP/CNP/eComm

Effective **October 14, 2017**, Visa is also introducing the following changes to Truck and Trailer Rentals:

- Visa Car Rental category will change to **Vehicle Rental** to accommodate Truck and Utility Trailer Rentals (MCC 7513).
- Current car rental rules will apply to the Vehicle Rental category and will be classified as Travel and Entertainment (T&E)
- MCC 7513 will be added to U.S. CPS/Hotel and Car Rental card-present and card-not-present interchange programs.
- Merchants must ensure the new estimated and incremental authorization processing requirements are met.

MCC	Merchant Type	Eligible Authorization Request Type	Approval Response Expiration Timeframe
3351-3441, 7512	Car Rental Agencies	<ul style="list-style-type: none"> <li>• <b>Estimated</b></li> <li>• <b>Incremental</b></li> </ul>	<u>31 days</u> after the estimated authorization response and includes any subsequent incremental authorizations.  <i>Incremental authorization does not extend this timeframe</i>
7513	Truck and Utility Trailer Rentals		
3501-3833, 7011	Lodging – Hotels, Motels, Resorts		
4411	Cruise Lines	<ul style="list-style-type: none"> <li>• Initial</li> <li>• Incremental (up to \$15 in the U.S. and \$25 non-U.S.)</li> </ul>	<u>3 days – U.S.</u> <u>7 days non-U.S.</u> after initial authorization response and includes any subsequent incremental authorizations.  <i>Incremental authorization does not extend this timeframe</i>
4111	Transit and Transportation (local and suburban commuter passenger transportation, and ferries, passenger railways, bus lines.		
4112			
4131			

Effective **October 14, 2017**, Mandated to use Estimated and Incremental Authorization Type Indicator

- **U.S. and Non-U.S.:** Visa will begin to require Cruise Line, Lodging, Transit and Vehicle Rental merchants to submit the estimated authorization indicator or incremental authorization indicator in authorization requests. The transaction identifier value from the initial or estimated authorization must be retained to be provided in an incremental authorization request.
- **Non-U.S.:** Visa will begin to require the use of the incremental authorization indicator and the same transaction identifier for all estimated and incremental authorizations in non-U.S. Region authorizations. The U.S. Region already supports the use of incremental authorization indicators and same transaction identifier.

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## Visa Expands Merchant Types that may Perform Initial, Estimated, and Incremental Authorizations and Modifies Operating and Chargeback Rules (cont.) CP/CNP/eComm

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To help Issuers manage the holds on cardholder funds for these transactions more effectively, Visa will introduce new processing and disclosure requirements and will clarify rules relating to reversals, issuer hold releases, and chargeback rights for the following reason codes:

- **72 - No Authorization** (will reflect new authorization validity limits and to provide issuers with recourse for auth request that lacks required indicators)
- **81 - Fraud: Card-Present Environment** (representation will be permitted for transactions involving initial card-present transaction and one or more subsequent key-entered transactions, if the acquirer provides evidence that all transactions occurred during the same stay, trip or rental period)
- **83 - Fraud: Card-Absent Environment**

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## Visa Implements New Purchase Return Authorization Messages CP/CNP/eComm

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**The Program:** As more consumers utilize mobile and online banking, they are able to obtain near real-time information about their purchases. Today, consumers view the current process of returns/credit vouchers as deficient, as there is no communication about the refund transaction until the credit is actually posted several days later by the issuer. As a result, cardholders have voiced concern over the amount of time it takes for a merchandise return to be credited to their account. Consequently, merchants have reported an increase in the number of customer service calls, inquiring into the status of a merchandise credit/return.

**The Change:** A first step to improving consumer perception of the return process is to provide cardholders the same level of communication for returns as is currently provided for purchases; therefore, Visa will require merchants and acquirers to begin to submit credits/refunds/purchase returns for authorization.

The credit/refund/purchase return authorization request will be displayed to the cardholder as a *pending* credit/refund when approved by the issuer. The credit/refund settlement transaction will continue to be used by merchants, acquirers, and issuers to return the funds back to the cardholder.

**The Impact: Effective APRIL 14, 2018** Merchants must begin to submit credit/refund for authorization requests, which may result in development work in order to support. Please note the additional impacts outlined below for chargeback and fee modifications.

- Credits/refunds/purchase returns that do not receive a valid authorization may be charged back by the issuer using chargeback reason code 71 (declined Authorization) and 72 (No Authorization, as applicable).
- Beginning April 1, 2017 Credit voucher authorizations will no longer be assessed the Network Acquirer Processing Fee (NAPF)
- Beginning July 1, 2018 Credit vouchers will be included in the Zero Floor Limit and Authorization Misuse Processing Integrity Fee Assessment

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## Visa Expands Fraud Monitoring Program to include U.S. Automated Fuel Dispensers (AFD)

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CP

**The Change:** As part of Visa's announcement of the postponement of the EMV liability shift date for AFD until October 2020, Visa is also expanding their Visa Fraud Monitoring Program (VFMP) to include U.S. AFD. The inclusion of AFD is intended to help mitigate counterfeit fraud at U.S. AFD locations that exceed the Visa defined thresholds. Issuers will receive chargeback recovery rights for reported counterfeit fraud.

### The Impact:

#### Effective July 1, 2017 – October 31, 2020

Visa Fraud Monitoring for Automated Fuel Dispenser merchants, MCC 5542, will occur for U.S. domestic counterfeit AFD transactions for merchant outlets that meet or exceed both the following monthly thresholds:

- USD 10,000 in U.S. issuer-reported counterfeit fraud in the previous calendar month
- 0.20% counterfeit fraud-dollar-to-sales-dollar ratio in the previous calendar month

#### Effective November 1, 2017 – October 31, 2020

Monitoring of U.S. domestic counterfeit AFD transactions may be classified as high risk for merchant outlets that meet or exceed both of the following monthly thresholds:

- USD 10,000 in issuer reported domestic counterfeit fraud in the previous calendar month
- 2% counterfeit fraud-dollar-to sales ratio in the previous calendar month



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## Visa Introduces New Authorization Procedures for Merchant-Initiated Transactions

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CP/CNP/eComm

**The Program:** Payment systems were originally designed around the principle that all transactions are initiated based on the instruction of the consumer. However, with the evolution of commerce, business models have evolved, making it possible for a merchant to initiate a transaction based on a prior instruction from the consumer. As a result, Visa is defining two classes of transactions:

- Consumer-initiated
- Merchant-initiated

A merchant initiated transaction (MIT) is any transaction that is related to a previous consumer-initiated transaction, but is conducted without the consumer being present or validated (mag-stripe data, chip cryptogram data, CVV2 or VbV authentication).

Examples of merchant-initiated transaction types:

- Recurring Payment
- Estimated Authorization
- Installment Payment
- Incremental Authorization

**The Change:** Visa is introducing new authorization procedures for merchant-initiated transactions that will align rules for transaction types across cardholder primary account number (PAN) and payment token transactions. The new authorization procedures for merchant-initiated transactions will help acquirers and issuers identify the type of transaction throughout the lifecycle of the transaction.

Visa is announcing authorization and clearing field/value changes to help link the original cardholder-initiated transaction to subsequent merchant-initiated transactions and to also ensure that merchant-initiated token transactions can be processed without the cryptograms and domain restrictions. In most cases, the changes are optional for PAN transactions. Token transactions that do not contain the required fields will be declined.

### Recurring and/or Installment Payment Transactions

Recurring and/or installment payments are the result of standing instructions governed by a contract between the consumer and the merchant to charge a specific or variable amount, based on a defined interval. Merchants processing PAN and token recurring and/or payment transactions must send the POS Environment field with the following values:

- I = Installment payment
- R = Recurring payment

U.S. merchants must continue to also send the existing bill payment indicators to meet CPS interchange qualification requirements.

### New POS Entry Mode and Transaction ID Requirement in Authorization Requests

Visa is introducing a new POS Entry Mode of 10 (Credential on File) that must be used in combination with the Transaction ID that was received from the previous cardholder-initiated transaction authorization response. If these fields are not used in combination, Visa will reject the authorization request.

Authorization requests that contain a POS Entry Mode of 01 (manual key entry) cannot include the transaction ID. PAN and token transactions containing the POS Entry Mode of 01, POS Environment field, and bill payment indicators will be sent to the issuer for authorization.

These new values will improve authorization approvals for token recurring and installment merchant-initiated transactions and link original cardholder-initiated transactions to associated merchant-initiated transactions.

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## Visa Updates Staged Digital Wallet Operator Transaction Requirements and Introduces New Fee and Interchange Program CP/CNP/eComm

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**The Change:** Visa is requiring registration of all Staged Digital Wallet Operators and support of transaction level indicators to identify wallet transactions. Visa is also introducing a new fee and interchange programs for staged digital wallet transactions.

**The Impact:** Staged Digital Wallet Operators will need to comply with Visa's new registration requirements and rules to properly support identification of staged digital wallet transactions.

Merchants will need to submit a Business Application ID (BAI) value of WT (wallet transfer) for staged digital wallet authorizations, settlement, and exception item purchase transactions, including account funding transactions.

**Staged Digital Wallet Definition:** Provides functionality to a cardholder that:

- Can be used at multiple merchants
- Uses a Visa account number provided by the cardholder to the Staged Digital Wallet Operator to pay for goods/services
- Uses a separate account or accounts assigned by the Staged Digital Wallet Operator
- Completes a transaction through a Staged Digital Wallet Operator

**Staged Digital Wallet Operator Wallet Transaction types:**

- *Prefund (Account Funding)* - cardholder selects an amount to fund to their digital wallet account to use for future purchases at merchants who accept the wallet as a payment method. Visa will see the transactions for the funding of the digital wallet. Visa will not see any subsequent purchases using the wallet. An example of this would be loading \$500 to your PayPal Account using your Visa debit check card, the transaction is processed by PayPal, and Visa sees an account funding transaction.
- *Back-to-Back (Purchase)* - cardholder selects to use their Visa card to pay for an individual purchase at a merchant location that uses a Staged Digital Wallet Operator (e.g., PayPal). An example of this would be visiting your family orthodontist's website to make a payment. PayPal is the entity facilitating the transaction, you can either use your PayPal account to pay for the transaction (Visa doesn't see this transaction) or you can use your Visa card to pay the orthodontist bill. When the Visa card is used to pay the bill it is considered a back-to-back transaction; PayPal processes the payment on behalf of the merchant (Visa sees this transaction) and PayPal (the Staged Digital Wallet Operator) pays the merchant directly for the PayPal back-to-back transaction. The orthodontist does not submit the transaction to the acquirer.

The staged digital wallet operator deposits the transaction for the funding amount with the acquirer using the Visa account number provided by the cardholder.

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**Visa Updates Staged Digital Wallet Operator Transaction Requirements and Introduces New Fee and Interchange Program (cont.)** CP/CNP/eComm

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**Transaction Identification - Effective APRIL 22, 2017**

Staged Digital Wallets will be identified by the Business Application ID of WT (wallet). Merchants and acquirers must submit a BAI value of WT (wallet transfer) in staged digital wallet authorizations, settlement, and exception item purchase transactions, including account funding transactions.

**Interchange Update and new Staged Digital Wallet Fee - Effective APRIL 22, 2017**

Visa is implementing changes to interchange fees for staged wallet transactions in the U.S. Staged digital wallet purchase transactions, including account funding transactions, will no longer be eligible for CPS interchange programs.

Staged digital wallet transactions submitted with a valid MVV and a Business Application Identifier (BAI) value of WT will now qualify for the existing Standard interchange programs outlined below.

Staged digital wallet transactions (both purchase and account funding) with a valid MVV and a BAI value of WT will also be assessed the **new** Staged Digital Wallet fee of \$0.10 per transaction. The fee will not apply to credit vouchers (credit/refunds) or exception items.

All debit staged digital wallet transaction will also be subject to the Transaction Integrity Fee.

<b>Interchange Programs</b>
Commercial Standard Prepaid
Consumer Standard Prepaid
Business Standard Debit
Consumer Standard Debit
Business Standard Credit Tiers 1 - 3
Business Standard Credit Tier 4
Corporate Card Standard
Purchasing Card Standard
Consumer Infinite Standard
Consumer Signature Preferred Standard
Consumer Standard Credit

**Visa Implements Changes to B2B Interchange Fee Programs for Transactions submitted under MCC 6300 (Insurance)**

CP/CNP/eComm

**The Change:** Visa is changing interchange program eligibility for Signature Preferred, Infinite, and Business credit card product transactions submitted with MCC 6300 (Insurance).

**The Impact:** Impacted transactions will no longer qualify for certain B2B interchange programs and will shift to other existing interchange programs.

Current Interchange Programs	Effective April 21, 2017
<b>Card Not Present</b>	
Signature Preferred B2B	Signature Preferred CNP
Infinite B2B	Infinite CNP
Business Tier 1 B2B	Business Tier 1 CNP
Business Tier 2 B2B	Business Tier 2 CNP
Business Tier 3 B2B	Business Tier 3 CNP
Business Tier 4 B2B	Business Tier 4 CNP
<b>Retail / Card Present</b>	
Signature Preferred B2B	Signature Preferred Retail
Infinite B2B	Infinite Retail
Business Tier 1 B2B	Business Tier 1 Retail
Business Tier 2 B2B	Business Tier 2 Retail
Business Tier 3 B2B	Business Tier 3 Retail
Business Tier 4 B2B	Business Tier 4 Retail

## Visa Updates Interchange Qualification for Unattended Transit Transactions

CP/CNP/eComm

**The Change:** Currently transit transactions greater than \$15.00 and originating from an unattended terminal are only eligible for Electronic (EIRF) or Standard interchange rates. Visa will begin to allow transactions from unattended terminals, with certain transit MCCs, to qualify for CPS/Retail when the transaction is greater than \$15.00.

**The Impact:** Transactions greater than \$15 and originating from an unattended terminal from the following transit MCCs, will be eligible to qualify for CPS Retail interchange programs. Transactions less than or equal to \$15 will continue to be eligible for CPS Small Ticket.

### Eligible MCCs

- 4111 Local and suburban commuter passenger transportation, including ferries
- 4112 Passenger railways\*
- 4131 Bus lines

Eligible transactions will shift to the interchange programs below:

Current Interchange Program	Effective April 21, 2017
<b>MCCs 4111 &amp; 4131</b>	
Electronic (EIRF) Credit	CPS Retail Credit
Electronic (EIRF) Debit	CPS Retail Debit
Electronic (EIRF) Prepaid	CPS Retail Prepaid
Electronic (EIRF) Rewards & Signature	CPS Rewards 1
Signature Preferred Standard	Signature Preferred Retail
Infinite Standard	Infinite Retail

Current Interchange Program	Effective April 21, 2017
<b>MCCs 4112</b>	
Electronic (EIRF) Credit	CPS Retail Credit
Electronic (EIRF) Rewards	CPS Rewards 1
Standard Signature	Electronic (EIRF) Signature
Signature Preferred Standard	Signature Preferred Electronic
Infinite Standard	Infinite Electronic
Electronic (EIRF) Debit	CPS Passenger Transport Card Present Debit
Electronic (EIRF) Prepaid	CPS Passenger Transport Card Present Prepaid

\* MCC 4112 is not eligible for CPS Retail on consumer debit and prepaid cards

**Visa Introduces New Interchange program for Certain Government MCCs CP/CNP/eComm**

**The Change:** Visa is introducing a new U.S. consumer credit and debit interchange program for certain government MCCs.

**The Impact:** As a result of the new government interchange program, qualifying MCCs will no longer be eligible for the existing CPS/Retail 2 interchange program. Visa will also retire the existing CPS Tax Payment interchange program.

**Qualifying MCCs**

- 7800 Government-owned lotteries
- 9211 Court costs, including alimony and child support
- 9222 Fines
- 9311 Tax payments
- 9399 Government services (not elsewhere classified)

Transactions will be eligible for the new interchange program when the minimum transaction requirements are met:

- Transaction may be card present or card not present for credit and card not present for debit/prepaid
- Merchant must be using one of the MCCs listed above
- Merchant and issuer are both in the U.S.
- Must meet CPS qualification criteria
- AVS is not required

Current Interchange Program	Effective April 21, 2017
<b>MCCs 7800, 9211, 9222 &amp; 9399</b>	
CPS Retail 2 Credit	<b>CPS Government Credit</b>
Signature Preferred Card Not Present	
Signature Preferred Retail	
Infinite Card Not Present	
Infinite Retail	
CPS Retail 2 Debit & Prepaid	<b>CPS Government Debit &amp; Prepaid</b>

Current Interchange Program	Effective April 21, 2017
<b>MCCs 9311</b>	
CPS/Retail Credit	<b>CPS Government Credit</b>
CPS/Rewards 1	
CPS/Card Not Present Credit	
CPS/Rewards 2	
CPS/Electronic Commerce Credit	
Signature Preferred Card Not Present	
Signature Preferred Retail	
Infinite Card Not Present	
Infinite Retail	
CPS/Tax Payment Debit & Prepaid	<b>CPS Government Debit &amp; Prepaid</b>

## Visa Introduces New Virtual Commercial B2B Interchange Program

CP/CNP/eComm

**The Change:** Visa is introducing a new virtual commercial B2B card product and interchange program in all regions (available in Canada in July 2017). The new virtual card will be eligible for the following new interchange programs:

New Interchange Fee Program
Interregional Global B2B Virtual Payments
Intraregional Global B2B Virtual Payments

**The Impact:** Card-not-present transactions processed with the new virtual card program and one of the following MCC's will be eligible for the new interchange programs. All other MCC's not listed below, will qualify for existing Purchasing card interchange programs.

3000–3299	Airlines, air carriers
3351–3441	Car rental agencies
3501–3999	Lodging – hotels, motels, resorts
4112	Passenger railways
4131	Bus lines
4411	Steamship and cruise lines
4511	Airlines and air carriers (not elsewhere classified)
4582	Airports, flying fields, and airport terminals
4722	Travel agencies and tour operators
5962	Direct marketing – travel-related arrangement services
6513	Real estate agents and managers – rentals
7011	Lodging – hotels, motels, resorts, central reservation services (not elsewhere classified)
7012	Timeshares
7032	Sporting and recreational camps
7033	Trailer parks and campgrounds
7298	Health and beauty spas
7512	Automobile rental agency
7513	Truck and utility trailer rentals
7519	Motor home and recreational vehicle rentals
7991	Tourist attractions and exhibits
7997	Membership clubs (sports, recreation, athletic), country clubs, and private golf courses
7999	Recreation services (not elsewhere classified)

## Visa Updates Consumer Credit Performance Thresholds for Retail and Supermarket

CP

**The Change:** Visa is updating the eligibility requirements for retail and supermarket credit transactions for merchants to qualify for incentive interchange programs.

**The Impact:** The table below outlines the current and updated eligibility requirements for the Visa consumer credit performance threshold interchange fees:

Performance Threshold	Minimum Transaction Count		Payment Volume Minimum		Maximum Chargeback Ratio <sup>3</sup>	PCI Compliance
	Current <sup>1</sup>	New <sup>2</sup>	Current <sup>1</sup>	New <sup>2</sup>		
Threshold I	75 million	82 million	\$4.6 billion	\$5.0 billion	0.020%	Required
Threshold II	46 million	50 million	\$2.6 billion	\$2.84 billion	0.020%	Required
Threshold III	12 million	13.1 million	\$670 million	\$730 million	0.020%	Required

<sup>1</sup> Eligibility is based on activity in the 12 months ending September 30, 2015

<sup>2</sup> Eligibility is based on activity in the 12 months ending September 30, 2016

<sup>3</sup> Chargeback ratios are calculated as a percentage of a merchant's gross transaction count

## Visa Updates Certain Interchange Fee Programs in Puerto Rico

PR

**The Change:** Visa is updating the interchange fee programs that apply to certain consumer credit and business credit card transactions in Puerto Rico.

**The Impact:** Visa is increasing the existing interchange fee program rates for the following Puerto Rico domestic consumer and business credit card transactions. As a result, merchants may realize an increase in their interchange expenses associated with these transactions.

Interchange Fee Program
Signature Gas
Signature Supermarket
Signature Emerging Markets
Signature Retail 1
Signature Retail 2
Signature Standard



## Visa Introduces Changes to International Interchange Programs for Japan-Issued Cards

CP/CNP/eComm

**The Change:** Visa is implementing changes to both interregional and Asia Pacific regional interchange programs that will apply to Visa Gold card transactions when the issuer is in Japan.

**The Impact:** Visa Gold cards issued in Japan and accepted at merchant locations in the U.S., Canada, and the LAC region will shift to the following existing interregional interchange program:

Current Interchange Programs	Effective April 21, 2017
Interregional Acquirer Chip	<b>Interregional Premium Card</b>
Interregional Issuer Chip	
Interregional E-Commerce Merchant	
Interregional Secure E-Commerce	
Interregional Electronic	
Interregional Standard	

Visa Gold cards issued in Japan and accepted at merchants located in the Asia Pacific Region (with the exception of Japan) will shift to the following new AP regional interchange programs:

Current Interchange Programs	Effective April 21, 2017
Acquirer Chip	Acquirer Chip Premium
Issuer Chip	Issuer Chip Premium
E-Commerce Merchant	E-Commerce Merchant Premium
Secure E-Commerce	Secure E-Commerce Premium
Electronic	Electronic Premium
Standard	Standard Premium

## Visa Introduces New Domestic Interchange Programs in Canada Region

CAN

**The Change:** Visa is introducing new domestic consumer interchange programs in the Canada region. The new programs will apply to both consumer credit and prepaid card transactions for certain MCCs as outlined below.

**The Impact:** Visa is introducing 3 new interchange programs in the Canada region. The qualification and rates for each new program is outlined below.

### Everyday Needs – Restaurant

- Card Present Only – Magnetic stripe or chip data required
- Transaction must be settled within 3 days
- Transaction must be face-to-face with the merchant & cardholder (unattended terminal trans not eligible)
- Merchant and issuer are both located in Canada
- Available to the following MCCs
  - 5812 – Eating places and restaurants
  - 5814 – Fast food restaurants

Current Interchange Program	Effective April 21, 2017
Electronic Consumer Credit	Everyday Needs Restaurant Consumer Credit
Electronic Consumer Infinite	Everyday Needs Restaurant Consumer Infinite
Electronic Consumer Infinite Privilege	Everyday Needs Restaurant Consumer Infinite Privilege
Electronic Consumer Prepaid	Everyday Needs Restaurant Consumer Prepaid

### Everyday Needs – Other

- Card Present Only – Magnetic stripe or chip data required
- Transaction must be settled within 3 days
- Transaction must be face-to-face with the merchant & cardholder (unattended terminal trans not eligible)
- Merchant and issuer are both located in Canada
- Available to the following MCCs
  - 4121 – Taxicabs and limousines
  - 5192 – Books, periodicals and newspapers
  - 5331 – Variety stores
  - 5697 – Tailors, seamstresses, mending and alterations
  - 5811 – Caterers
  - 5912 – Drug stores and pharmacies
  - 5942 – Book stores
  - 5994 – News dealers and newsstands
  - 7210 – Laundry, cleaning and garment services
  - 7211 – Laundries
  - 7216 – Dry cleaners
  - 7230 – Beauty and barber shops
  - 7251 – Shoe repair shops, shoe shine parlors and hat cleaning shops
  - 7298 – Health and beauty spas
  - 7542 – Car washes

Current Interchange Program	Effective April 21, 2017
Electronic Consumer Credit	Everyday Needs Other Consumer Credit
Electronic Consumer Infinite	Everyday Needs Other Consumer Infinite
Electronic Consumer Infinite Privilege	Everyday Needs Other Consumer Infinite Privilege
Electronic Consumer Prepaid	Everyday Needs Other Consumer Prepaid

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**Visa Introduces New Domestic Interchange Programs in Canada Region (cont.)**
**CAN**
**Card-Not-Present**

- Mail Order, Phone Order and E-commerce
- Must not be a recurring transaction
- Transaction must be settled within 3 days

Current Interchange Program	Effective April 21, 2017
Standard Consumer Credit	Card-Not-Present Consumer Credit
Standard Consumer Infinite	Card-Not-Present Consumer Infinite
Standard Consumer Infinite Privilege	Card-Not-Present Consumer Infinite Privilege
Standard Consumer Prepaid	Card-Not-Present Consumer Prepaid

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**Visa Implements Changes to Existing Consumer Credit and Prepaid Interchange Programs in Canada**
**CAN**

**The Change:** Visa is updating existing consumer credit and prepaid Canada domestic interchange programs to introduce additional MCCs into the current Gas Industry interchange program. Additionally, the existing Performance Tier rates are being decreased.

**The Impact:** Visa will add MCC 5499 (miscellaneous food stores) to the existing Gas Industry interchange program for consumer credit and prepaid card transactions. The Gas Industry interchange program will now be eligible to the following MCCs:

- 5541 – Service stations
- 5542 – Automated fuel dispensers
- 5499 – Miscellaneous food stores – Convenience stores and specialty markets

Qualifying card present transactions under MCC 5499 will shift as follows:

Current Interchange Program	Effective April 21, 2017
Electronic Consumer Credit	Industry Program – Gas Consumer Credit
Electronic Consumer Credit Infinite	Industry Program – Gas Consumer Credit Infinite
Electronic Consumer Credit Infinite Privilege	Industry Program – Gas Consumer Credit Infinite Privilege
Electronic Consumer Prepaid	Industry Program – Gas Consumer Prepaid

Visa will also decrease the existing interchange rates for the existing Performance Tier 1 and Tier 2 interchange programs for consumer credit and prepaid.

Interchange Program
Performance Tier 1 Consumer Credit
Performance Tier 1 Consumer Credit Infinite
Performance Tier 1 Consumer Prepaid
Performance Tier 2 Consumer Credit
Performance Tier 2 Consumer Credit Infinite
Performance Tier 2 Consumer Prepaid

## Visa Updates Rules for Transaction Receipt Storage and Fulfillment

CP/CNP/eComm

**The Change:** Visa is updating their rules to simplify operations in an effort to reduce costs associated with transaction receipt storage and fulfillment.

**The Impact:** Please refer to the chart below for specific storage and fulfillment requirements.

Receipt Topic	Overview
<b>Content Elements for Receipts</b>	<p><b>Expiration Date</b> - Visa removed the receipt content requirement to disguise the payment product expiration date. However, merchants must continue to follow local laws regarding the expiration date. This is only effective in the U.S.</p>
<b>Providing Receipts to Cardholders</b>	<p>Merchants must provide cardholders with a receipt only when:</p> <ul style="list-style-type: none"> <li>• Merchant initiated the transaction (e.g., recurring and installment payments)</li> <li>• The receipt is required to make a refund, or when there are restrictive conditions of the sale</li> <li>• The cardholder requests a receipt; for all other transactions</li> </ul> <p>Merchants must have the ability to generate a paper receipt for the cardholder when necessary, but may provide an electronic receipt at the cardholder's request.</p> <p>E-commerce and contactless-only terminals - a merchant may provide an electronic receipt without offering a paper receipt.</p> <p>Merchants must continue to offer a receipt to the cardholder for ATM and Automated Fuel (AFD) transactions.</p>
<b>Request for Copy (RFC)</b>	<p>The acquirer must fulfill a request for copy within 30 days by sending the issuer a copy of the receipt bearing a signature when:</p> <ul style="list-style-type: none"> <li>• The RFC occurred within 120 days of the transaction processing date AND</li> <li>• The transaction occurred in the face-to-face environment and required a signature.</li> </ul> <p>Merchants are not required to respond to the RFC if the transaction does not meet the above criteria. However, the merchant and/or the acquirer may choose to:</p> <ul style="list-style-type: none"> <li>• Fulfill the RFC with a copy of the receipt</li> <li>• Include other relevant information in the fulfillment (e.g., card rental contract)</li> <li>• Send a non-fulfillment message</li> </ul> <p>Visa will update their rules to reflect that RFC in the card-not-present environment is not mandatory and will remove any references to substituted receipts and travel and entertainment (T&amp;E) documents.</p> <p>Some disputes may be initiated more than 120 days after the processing date and documentation may be required to remedy chargebacks.</p>
<b>Merchant Receipt Retention</b>	<p>Currently, merchant receipt retention is 13 months.</p> <p>Visa will modify merchant receipt retention as following:</p> <ul style="list-style-type: none"> <li>• Change merchant receipt retention to 120 days for transactions that require a fulfillment</li> <li>• LAC Region intraregional transactions, merchant must retain receipts for 12 months and T&amp;E documents for six months.</li> </ul>

## Visa Introduce Visa Claims Resolution (VCR) Initiative October 2017

CP/CNP/eComm

**The Program:** The new **Visa Claims Resolution (VCR)**, is a new dispute process flow being implemented in **October 2017**, that will simplify dispute processing by migrating from a litigation-based approach to a liability-assignment-based approach.

**The Change:** Using transaction data and processing rules, Visa will begin to assign dispute liability on Authorization and Fraud dispute categories in a concept called *Allocation*. Visa estimates 60-80% of disputes will take place in Allocation, with an average resolution time of less than 30 days. Processing Errors and Consumer Disputes will flow down the *Collaboration* path where the Acquirer, Merchant and Issuer share data in an effort to resolve the dispute similar to the process today.

**The Impact:** The Visa Claims Resolution (VCR) initiative seeks to simplify the way exceptions are processed and automate decisions by leveraging existing transaction data available in Visa's Resolve Online application. To accomplish this, Visa will reduce the number of chargeback reason codes from 22 down to 4 main categories, shorten the dispute lifecycle from 105 days down to 60-65, and introduce system edits to block invalid chargebacks. Vantiv is working to identify how this new process will impact our merchants' existing disputes process. Additional details will be provided as it becomes available.

Visa will simplify processes by consolidating the current 22 chargeback reason codes into 4 dispute categories:

New Category	Existing Reason Codes
<p><b>Fraud</b> (Allocation, 60 day lifecycle)</p>	<ul style="list-style-type: none"> <li>• RC 62 Counterfeit Transaction</li> <li>• RC 81 Fraud Card-Present</li> <li>• RC 83 Fraud Card-Absent</li> <li>• RC 93 Merchant Fraud Performance Program</li> </ul>
<p><b>Authorization</b> (Allocation, 60 day lifecycle)</p>	<ul style="list-style-type: none"> <li>• RC 70 Card Recovery Bulletin or Exception File</li> <li>• RC 71 Decline Authorization</li> <li>• RC 72 No Authorization</li> <li>• RC 73 Expired Card</li> <li>• RC 78 Service Code Violation</li> </ul>
<p><b>Processing Error</b> (Collaboration, 65 day lifecycle)</p>	<ul style="list-style-type: none"> <li>• RC 74 Late Presentment</li> <li>• RC 76 Incorrect Currency or Transaction code or Domestic Processing Violation</li> <li>• RC 77 Non-Matching Account Number</li> <li>• RC 80 Incorrect Transaction Amount or Account Number</li> <li>• RC 82 Duplicate Processing</li> <li>• RC 86 Paid for by other means</li> </ul>
<p><b>Consumer Disputes</b> (Collaboration, 65 day lifecycle)</p>	<ul style="list-style-type: none"> <li>• RC 41 Cancelled recurring payments</li> <li>• RC 53 Not as Described/Defective</li> <li>• RC 85 Credit not processed</li> <li>• RC 30 Services not provided/Merchandise not received</li> <li>• RC 90 Non receipt of Cash or Load Transaction Value at ATM</li> </ul>

### Benefits of VCR:

- Prevent invalid Disputes
- Identify, track, and monitor for abuse
- Proactively identify remediating transactions such as credits, reversals and adjustments
- Resolve disputes before they happen using Visa Merchant Purchase Inquiry (for participating parties)
- Shortened dispute resolution timeframes

## Discover®

### Discover Eliminates Referral Response Codes

CP/CNP/eComm

**The Change:** Discover Issuers are no longer permitted to respond to an authorization request with a referral response code.

**The Impact:** A referral response code informs a merchant to call the Issuer at the point-of-sale for additional instruction before proceeding with the transaction. Effective April 2017, Issuers are no longer permitted to respond to an authorization request with a referral response code.

The following response codes will be removed:

- 01 – Refer to Card Issuer
- 02 – Refer to Card Issuer
- 08 – Honor with ID
- 15 – Invalid Issuer
- 33 – Expired Card
- 34 – Suspected Fraud
- 35 – Card Acceptor contact Acquirer
- 36 – Restricted Card
- 37 – Card Acceptor contact Acquirer Security

If an Issuer continues to send referral response codes after April 2017, Discover will decline the authorization.

### Discover Modifies Consumer Credit Interchange Fee Programs

CP/CNP/eComm

**The Change:** Discover is modifying the interchange fee programs that apply to certain consumer credit card transactions.

**The Impact:** Discover will increase the interchange rates for the following existing consumer credit interchange programs.

Interchange Program
PSL Recurring Payments Core
PSL Recurring Payments Rewards
PSL Recurring Payments Premium
PSL Petroleum Rewards
PSL Petroleum Premium
PSL Petroleum Premium Plus
PSL Express Services Premium Plus
PLS Retail Premium Plus
PSL Restaurants Premium Plus
PSL Hotels/Car Rentals Premium Plus
PSL Passenger Transport Premium Plus
Key Entry Premium Plus

## American Express®

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### American Express Offline and Online PIN Requirement and Legacy Expresspay Decommission Reminder

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CP

**The Program:** Merchants with Chip and PIN POS Systems are required to support both Offline and Online American Express PIN transactions. Merchants are also required to decommission contactless readers utilizing Expresspay 1.0 and 2.x, and should be using American Express' ExpressPay Terminal Specifications 3.0.

**The Change:**

- All **existing** Chip and PIN POS Systems must be certified to support both Offline and Online PIN **December 31, 2018**.
- Contactless readers supporting **Expresspay Terminal Specification 1.0 must be decommissioned by December 31, 2016**
- Contactless readers supporting **Expresspay Terminal Specification 2.x must be decommissioned by December 31, 2018**.

**The Impact:** Failure to support new Expresspay Terminal Specifications may result in declines or impact the cardholder experience.

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### American Express Expands OptBlue Merchant Eligibility List

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CP/CNP/eComm

**The Change:** American Express OptBlue will expand their merchant eligibility list to include railroads, local and suburban commuter passenger transportation and railways.

**The Impact:** American Express will now allow the following merchant segments to participate in the OptBlue program and will be part of the 'other' industry category. Merchants currently in these MCCs may be moved into the OptBlue program as long as they meet the criteria for OptBlue (processing less than \$1MM in annual AMEX volume).

- 4011 Railroads – freight
- 4111 Local and Suburban Commuter Passenger Transportation
- 4112 Passenger Railways